

# Council on Efficient Operations



"Bearing Down on Efficient Public Service"

**Annual Report**  
**September 30, 1997**



**Office of the Lieutenant Governor**  
***Council on Efficient Operations***

State Capitol, Room 121; Jefferson City, MO 65101

Telephone: (573) 751-0382 Fax: (573) 751-9612

[wilson@mail.state.mo.us](mailto:wilson@mail.state.mo.us)

<http://www.state.mo.us/ceo/ceo.html>



**ROGER B. WILSON**  
LIEUTENANT GOVERNOR

STATE CAPITOL, ROOM 121  
JEFFERSON CITY, MISSOURI 65101

More and more, public organizations are working to streamline operations and reduce costs. These actions are a direct response to growing concerns over government's efficiency and effectiveness. In Missouri, state government is taking a close look at itself through the collaborative effort of elected officials, public employees, academicians, business leaders, and various strategic management teams.

The Council on Efficient Operations (CEO), created by Governor Mel Carnahan in 1996, is reviewing many of the state's operations and making recommendations for improvement. Over the past year, the CEO has identified improvements which will result in over \$1.3 million saved. The CEO has also identified hundreds of other improvement steps that will cut costs, while improving service to the citizens of our state.

In the coming year, the CEO will continue working on a variety of statewide efficiency and effectiveness projects, such as fleet management, travel services, and delivery services. Additionally, the CEO will work with individual departments on department specific projects. The next year will reap great rewards, but will require commitment to change from departments and employees.

Together, we have made significant progress. We'll use the coming year to further that progress and deliver results to Missouri citizens.

Sincerely,

A handwritten signature in black ink that reads "Roger B. Wilson".

ROGER B. WILSON  
Lieutenant Governor





# CEO MEMBERS

## CEO CHAIR:

**Lieutenant Governor Roger B. Wilson**

## CEO MEMBERS:

**LaVerne Brondel**  
*Department of Natural Resources*

**Jim Clay**  
*Southwestern Bell*

**Bryan Goeke**  
*Department of Corrections*

**Benton Goon**  
*Department of Mental Health*

**Richard Hanson**  
*Office of Administration*

**Mike Hartmann**  
*Office of the Governor*

**Jeff Hertell**  
*Hertell Enterprises, Inc.*

**Clif Jett**  
*Department of Transportation*

**Chris Kelly**  
*Labor & Industrial Relations Commission*

**David Mitchem**  
*Department of Labor & Industrial Relations*

**Al Nilges**  
*Missouri Citizen*

**The Honorable Ed Quick**  
*Missouri Senate*

**Christine Rackers**  
*Department of Social Services*

**The Honorable John Russell**  
*Missouri Senate*

**The Honorable Steve Stoll**  
*Missouri House of Representatives*

**Quentin Wilson**  
*Department of Economic Development*

**Bob Carico**  
*AFL-CIO*

## STAFF

**Matthew Benton**  
*Office of the Lieutenant Governor*

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# TABLE OF CONTENTS

<b>Executive Summary</b>	3
Over the Past Year	4
Into the Future	8
<b>Measuring the CEO's Performance</b>	11
Savings	11
Upcoming Events	11
<b>Efficiency and Effectiveness Projects</b>	13
Completed Projects	13
Current Projects	16
Suggested Projects	27
<b>Changing the Culture of State Government</b>	29
Employee Involvement	29
The Role of Competition	30
<b>Taking a Closer Look at Efficiency</b>	33
PERM: Privatize, Eliminate, Retain, & Modify	34
Criteria for PERM Process	37
Suggested Programs for PERM Analysis	41
<b>Conclusion</b>	45

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# EXECUTIVE SUMMARY

***"Become addicted to constant and never-ending self improvement."*** Anthony J. D'Angelo

Improving state government is the responsibility of every employee, every elected official, every public administrator, and every citizen. While the private sector improves to increase the bottom line and satisfy shareholders; the public sector must improve for its stakeholders, the citizens of Missouri. In fact, the culture of state government must embrace continuous improvement as a norm, rather than a one-time occurrence. We must change the way we think and act - we must make improvement a part of our jobs.

The CEO is working to do just that. Over the past year, the CEO has worked on a variety of projects to cut costs and

## **CEO Goals**

**Rightsize State Government  
Provide Value for Taxpayers  
Cut Red Tape**

## **CEO Activities**

- develop and institutionalize a continuous improvement process
- identify, select, and create opportunities to improve the functions, processes, and operations of state government
- develop methodologies, case tools, and handbook for examining and reviewing improvement opportunities
- identify and prioritize improvement initiatives that have major statewide impact
- introduce and encourage competition, consolidation, and privatization as a means to reduce costs and improve effectiveness
- provide recognition by communicating improvement activities and results to the legislature, governor, and public
- formulate philosophy, values, and principles that guide improvement efforts
- assist state agencies by sponsoring statewide efficiency projects
- reduce and streamline unnecessary rules and regulations
- report efficiency opportunities, improvement recommendations, and barriers to the Governor, Speaker of the House, President Pro-Tem of the Senate, and departments

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improve state government. These improvements are estimated to save over \$1.3 million. In the coming year, the CEO will continue working on these projects, and will invest itself in helping to institutionalize continuous improvement.

## **Over the Past Year**

Last year, when the CEO first began its work, council members agreed that their first year should focus on projects that rightsize state government, provide value for taxpayers, and cut red tape. Additionally, the CEO felt its first year should be dedicated to learning more about quality improvement methods, while subsequent years would focus on implementing such methods.

### ***Efficiency and Effectiveness Projects***

Naturally, state government can improve the efficiency and effectiveness of every program, activity, and function. Yet, certain programs and functions have more room for improvement than others.

In the last 12 months, nearly 40 projects have been identified for efficiency review and improvements. Many of these projects were referred to the CEO by the Commission on Management and Productivity (COMAP). Some projects were suggested by Missouri citizens and employees who telephoned, wrote, or e-mailed the CEO. Still, other projects were identified by reviewing other states' quality improvement efforts.

By working with individual state agencies, cross-departmental teams, private sector businesses, and other individuals, the CEO has initiated over 30 projects. Due to the comprehensive nature of the CEO's studies, only a few projects have been fully reviewed and recommendations developed. However, initial savings from those few projects are estimated at over \$1.3 million.

The CEO's projects range from small-scale, one-time improvements to new or reinvented systems. For example, the

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CEO examined directory assisted telephone calls and their cost. To reduce these costs, the CEO is recommending that employees utilize alternative methods when available, including the Internet and CD-ROM directories. Likewise, the CEO is examining potential savings in the areas of postage and parcel deliveries. By simply examining delivery vendor services and pricing, the state will save over \$250,000 this year.

The CEO's role in these projects has been to facilitate communication between state agencies and other stakeholders. By doing so, departments are working together to solve common problems and implement mutually beneficial solutions. Such large-scale projects are expected to save millions of dollars each year.

For example, the CEO's work in vehicle management and maintenance is currently projected to save approximately \$750,000. These savings will come from the implementation of a new fuel purchasing card that can track and identify fuel usage, waste, and inappropriate purchases. Other future savings include maintenance savings, repair cost reductions due to preventative maintenance, and fleet size optimization.

### ***What We've Learned***

When undertaking its mission, the CEO realized that improving state government's efficiency meant learning more about state government and about how to positively affect its operations. As a result, the CEO used its first year to consider some organizational culture factors, such as the working environment, employee involvement, internal cooperation, and leadership.

Through its study, the CEO learned that there exist many barriers to change, on all levels of the bureaucracy. A summary of the CEO's lessons follow:

Decisions based on assumptions, rather than facts, often lead to inefficiency. Over the past year, the CEO found that many past operational decisions were based on assumptions. For example, programs may operate in a certain manner, due to a belief that

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state laws or regulations mandate such. However, there may be no such requirement at all. Another example is performing certain services at specified intervals, without full knowledge of how often the service is actually needed.

Departments need leadership and direction in working together. Throughout many of the CEO's projects, departmental employees congratulated the CEO for looking into cross-departmental issues. Departments often stated that they believed greater efficiencies and better services could be achieved through joint efforts. However, agencies stated that no progress was made because no one-agency took the initiative. In cases where there is no one-department clearly responsible,

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*adapted from Banishing Bureaucracy: How to Delight Citizens in Times of Scarce Resources.*

## **Barriers to Change**

### **Politics**

- special interests/unions
- re-election risks; political successions
- partisan politics
- reinvention not considered a public "winner" issue
- legislative tendency to micromanage

### **Money**

- not enough dollars to invest in real conversion
- questions about credibility of cost-savings predictions
- finding funds to support incentive packages
- making cuts but losing reinvention funding
- government accounting of investment/return

### **Fear**

- fear of failure/ridicule/bad press
- fear of loss of control
- fear of losing your job
- fear of the reaction of co-workers or allies
- fear of hurting clients/customers
- fear of risk-taking
- fear of the unknown

### **Mistrust**

- labor and management
- managers/elected officials
- line agencies/central control agency
- citizens/all government & politicians
- local, state, and federal government
- business/government
- political party/political party

## **Overcomming Barriers**

### **Politics**

- bi-partisan partnerships
- citizen expectations/constituencies
- success stories from other places
- sharing credit in press hits
- "outsider" recognition

### **Money**

- productivity funds/performance grants
- invest/divest
- plugging resource drains and waste
- public/private partnerships
- bureaucracy busters

### **Fear**

- naming it/embracing the fear
- removing the issue
- risk-sharing partnerships
- visionary leadership
- involving people in planning the change
- creating new rewards
- pilot projects/site visits

### **Mistrust**

- information
- communicating/listening
- earning trust/promiting real honesty
- redefining the competition
- partnerships
- bonding events



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agencies look for a leader in higher office to champion the joint effort.

Many employees want to improve operations, but often feel management is not supportive of employee suggestions or new ideas. Management knows that employees work hard and have great ideas on how to cut costs and improve service. However, many of the management systems and practices currently in place stifle creativity and do not allow employees to express their ideas. In some instance, management's support is not clearly communicated to employees. In other instances, management communicates conflicting messages, such as saying that it supports employees, but not allowing employee views to be expressed.

Control and trust are two hurdles commonly found in every improvement effort. Understandably, it is human nature to want control of those activities for which one is responsible or which directly affects one's work. Yet, having such control often means having duplicative systems. For example, state agencies require quality printing in a timely manner. To achieve this, many agencies have created and control their own print shops, despite there being a state printing center. In this example, agencies may settle for less efficient systems, because they can control the output, rather than trusting another agency, or a private vendor, to meet their requirements. Trust, however, comes with experience. Departments should consider their actual requirements, and communicate those requirements to agencies or vendors providing services and goods. Likewise, those who serve and provide goods for agencies, must provide the quality demanded.

Timing is everything. While every state government function, program, and activity could be improved, not all are ready. The time must be right, meaning, the right individuals must be involved, the improvement team must work well together, there should be few real or perceived barriers, and there must be a sense of urgency. In several instances, team members did not see the need for improvement or did not feel they could overcome barriers. As a result, some projects were less successful than others.

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Flexibility and competition are keys to success. Throughout the CEO's study of state government's efficiency, it found that flexibility is a helpful tool in achieving efficiency. By allowing agencies choices, such as vendor and personnel selection, agencies are more able to meet their needs at the lowest cost. Additionally, competition is a necessary component to lowering costs. When multiple vendors are able to compete for the state's business, the state is ensured quality products at the best price.

## **Into the Future**

In the coming year, the CEO will continue its development of a more efficient and effective state government. By closely monitoring and aiding current projects, identifying and initiating new projects, and working with COMAP initiated projects, the CEO will build on a solid foundation. Likewise the CEO will work to institutionalize continuous improvement by documenting tools and methods that can help departments better involve employees. Finally, the CEO will develop a process for agencies to identify and take action on specific improvement projects.

## ***Supporting On-going and New Projects***

While great progress has been made through CEO and COMAP sponsored improvement projects, the state should continuously improve its operations. That's why the CEO will continue to monitor and work with its projects, as well as those initiated by the Commission on Management and Productivity. Specifically, the CEO is working with the vehicle management and maintenance team to implement a new fuel procurement card and a fleet management system. These two systems will establish a method for collecting data on the state's fleet, from which further operational decisions can be made. Teams will continue to work on improving travel management, supply acquisition and distribution, government offices and facilities, and a variety of other operations. These groups will continue to report their findings and develop recommendations for cutting cost and improving service.

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Reviewing the improvement efforts of other businesses and public organizations will also lead to additional efficiency projects identified by the CEO. Such projects will follow the same process set by the CEO during its first year:

- 1) identifying of the project;
- 2) forging an agreement to act;
- 3) developing a problem definition to guide action;
- 4) searching for solutions;
- 5) proposing a business plan;
- 6) adopting the planned solutions;
- 7) implementing the solutions; and
- 8) reassessing policies and programs.

Finally, the CEO will continue to work with other efficiency related projects that have been initiated, including the print shop and mail room improvements. The CEO will work with these groups as a facilitator and researcher. Rather than suggesting specific actions or steps, the CEO will assist the groups in setting and achieving their vision of optimal efficiency. In that role, the CEO will work to introduce the concepts of competition and privatization as tools for achieving that vision.

### ***Employee Involvement***

Involving employees in managing and improving state government is vital. In the past year, the CEO found that employees have great ideas on how to improve, yet those ideas wait to be tapped. Likewise, research on organizational development and behavior affirms the fact that employees are key to success.

While the state has implemented some employee involvement methods, such as suggestion systems and quality teams, the CEO believes that more should be done to tap employees' bright ideas and involve them in decision making.

In the coming year, the CEO will work with departments and the Governor's office to develop and implement an employee involvement plan. One idea is to create a competition between

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departments for the most effective involvement system. An award would be given to the departments that generated the greatest improvements by involving employees, either through a suggestion system or some other means.

### ***Efficiency Identification Process***

To date, the CEO has focused primarily on statewide efficiency projects which affect more than one department. While significant progress has been made, the CEO feels that departments should also be working to improve their individual programs, functions, and activities.

Based on discussions with other states, the CEO determined that the state could benefit by following a defined process for identifying department-specific efficiencies. Such an approach is used by states like California, Kansas, and Michigan. A defined methodology, similar to Michigan's PERM Program (Privatize, Eliminate, Retain, or Modify), would allow each department an opportunity to examine themselves and improve accordingly. Additionally, it would identify potential areas for privatization, service-shedding, and competition.

Over the next few months, the CEO will work with departments to develop and institutionalize such a process. The CEO hopes to have departments using its methodology for improvement review by June 1998.

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# MEASURING THE CEO'S PERFORMANCE

## Savings

Vehicle Fuel Policy & Purchases	\$750,000
Vehicle Maintenance Oil Changes	\$300,000
DOT Courier Shipments	\$200,000
Pallet Shipping	\$ 38,500
Negotiated Discount on Ground Deliveries	\$ 32,000

<i>Projected Total</i>	\$1,320,500
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## Upcoming Events

Government Office and Facilities Recommendations Report	10/30/97
Supply Acquisition and Distribution Recommendations Report	11/15/97
Statewide Delivery Systems Recommendations Report	12/1/97
CEO Quarterly Report	12/30/97
Travel Management Recommendations Report	1/2/98

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# EFFICIENCY AND EFFECTIVENESS PROJECTS

## Completed Projects

### *Directory Assisted Telephone Calls*



In November 1996, a citizen approached the CEO with questions concerning state employees making directory assisted telephone calls. The citizen felt that the state could reduce costly telephone charges by eliminating or reducing the number of assisted calls made.

The CEO examined these telephone charges and found that state employees make approximately 78,000 directory assisted telephone calls each year. With the cost per call ranging between \$1 and \$1.10, the total cost to the state per year is \$80,000. Discussions with state departments indicates that directory assistance is primarily used to locate individuals who frequently move. For example, social service employees may use directory assistance to locate a parent who owes child support and has recently moved.

Understandably, state employees may need to utilize specialized telephone services on occasion. However, the CEO questioned whether a less expensive alternative could be used. In turn, the CEO tested several methods for locating telephone numbers, including CD-ROM and Internet telephone directories. Results of the study found that these alternatives produce the correct results only 10% of the time. The CEO determined that if employees used the alternative methods only a fraction of such calls would be reduced. Thus, expenditures should not be made to acquire the alternative methods. However, employees may attempt to use the methods when no additional cost is incurred.

*The CEO will continue to work with the Office of Administration, Division of Data Process and Telecommunications to identify additional telephone cost reductions and potential alternatives to directory assistance.*

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## *Housekeeping Services*

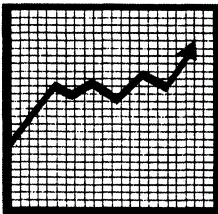


Nearly every state government has privatized housekeeping and janitorial services in their office buildings — Missouri is no exception. However, the CEO wanted to examine the extent to which private firms were utilized.

In late 1996, the CEO asked the Office of Administration, Division of Facilities Management (OA-DFM) to review the quality and cost of both internal and external housekeeping. OA-DFM reports that 90% of the state's housekeeping services are privatized. The only facility that is not privatized is the State Capitol Building. OA-DFM contends that by contracting with vendors for housekeeping services, the state saves over \$44,000 each year.

*The CEO will continue working with OA-DFM on other facilities issues.*

## *MOSER's Comprehensive Annual Financial Report*



A state employee asked the CEO to examine the cost of publishing and distributing the Missouri State Employee's Retirement System's (MOSERS) Comprehensive Annual Financial Report (CAFR). The employee suggested the cost of the report is excessive, since many employees may not read the report.

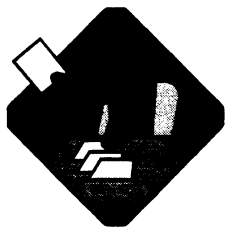
In response to the suggestion, the CEO asked MOSERS to review the CAFR's distribution. While state law and the Governmental Accounting Standards Board require the publication of the CAFR, employees may be better served by a more condensed financial summary. In turn, fewer copies of the CAFR could be sent to the departments for employees to review as necessary.

MOSERS has already taken steps to provide a more cost-effective report. A summarized financial report is being distributed to all employees, as opposed to the full CAFR. Copies of the full report are being distributed to agencies for the small number of employees who wish to see more.



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## ***Payroll/Personnel Administration***

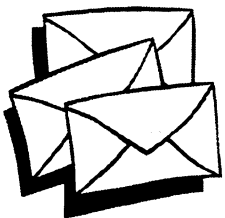


Many states, including Georgia, Michigan, and Maryland, have examined their payroll and personnel functions for potential privatization efforts. In fact, the outsourcing of check writing and benefits administration have occurred in several states.

To examine the issue, the CEO asked the Office of Administration's Division of Personnel to examine the potential for privatizing personnel functions. According to OA, few states have actually privatized these functions. Those who did privatize payroll and personnel functions previously had fragmented systems, unlike Missouri's current system. OA states that the need for coordination between payroll, benefits, and other records is vital, and is best served through a centralized, in-house function.

*The CEO will continue to examine other states' efforts in the privatization of payroll and personnel.*

## ***Reusable #10 Envelopes for Interagency Mail***



A state employee suggested that the state use reusable #10 envelopes for interagency mail. Currently, the state uses the larger 8 1/2 by 11-inch envelopes for interagency mail.

The CEO reviewed other public and private mail operations for similar practices but could find none that reuse smaller envelopes. The CEO also questioned various vendors to find such products, yet none could be found. The CEO recommends utilizing the larger, reusable envelopes, rather than creating a new product.

## ***State Park Lodges, Concessions, and Operations***



Many states have begun privatizing and outsourcing many operations within their state park system. For instance, Georgia uses private vendors to operate concession stands, pave park roads, and operate lodges.

The Department of Natural Resources and the CEO questioned

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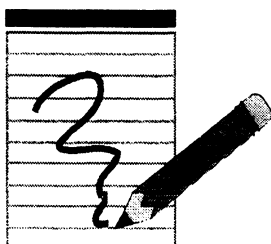
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whether such privatization could occur in Missouri state parks. DNR noted that there were currently 22 privatized concession stores, and 14 state-run concessions. Additionally, services such as boat slips, lodging, and cabins are primarily privatized. DNR regularly examines whether individual facilities and services should be privatized, rather than making a blanket decision toward privatization or in-house operation. According to DNR, the privatized services not only help avoid costs, but they return 16.6 percent of sales to the state.

*The CEO will continue to work with DNR in comparing privatized services and in-house services.*

## **Current Projects**

### ***Employee and Public Suggestion Programs***



Tapping the creativity and ingenuity of employees is a vital component to operational efficiency and effectiveness. In fact, Peter Drucker, a noted organizational consultant, notes that "employees know better than anyone else what makes [them] more productive." Thus, the CEO is examining how Missouri state government might better involve employees and tap their ideas.

In December of 1996, the CEO began working with a team of employees who studied each department's employee suggestion program. The team found that a variety of suggestion systems existed, each with differing levels of success. While some systems were very formal, others were less rigid. At the same time, some suggestion programs awarded employees with recognition, while others gave tokens of appreciation or monetary rewards.

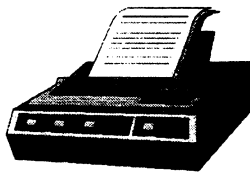
Due to different cultures among departments, the team agreed that a centralized, common suggestion system would not be appropriate for state government. The team did feel, however, that departments should work to improve their systems.

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To improve individual departmental employee suggestion systems, the team is benchmarking the Departments of Corrections, Revenue, and Transportation. Each were noted to have successful programs which reaped numerous, quality suggestions. Additionally, private sector examples are being reviewed for possible implementation.

Team members agreed that employee involvement was vital to their organizations. However, team members also noted that management's commitment was crucial. The team recommended that the CEO develop a plan for ensuring management's commitment to employee suggestion systems. In turn, the CEO is developing a statewide plan for promoting and supporting suggestion programs. See *"Changing the Culture of State Government - Employee Involvement."*

### ***Fax Distribution Methods***



Sending out press releases and other notices to multiple recipients can be an expensive, time consuming, and cumbersome operation. In the past, the public and private sectors utilized standard mail to distribute their information. However, both sectors have more recently utilized electronic methods such as facsimilies and e-mail to more quickly distribute information.

Still these methods have not been as efficient as their users would like. In fact, a survey of Missouri state agencies indicated the following problems:

- Fax machines often lock-up when sending one document to multiple locations.
- Computerized faxing often ties up a computer for several hours, requiring that it be dedicated solely to that operation.
- Timeliness of computerized or standard faxing is poor (from 1 to 12 hours).
- Few alternatives to distributing press releases.
- Updating the computer or fax list is difficult, and is often not done.

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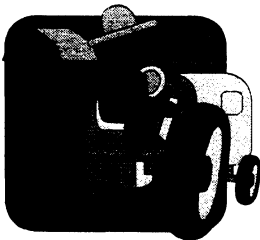
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To address these issues, the CEO examined how telecommunications companies distributed information such as press releases. The study found that mass faxing services were available through telecommunications companies. As an example, MCI's "BlastFax" service allows users to fax a document directly to MCI's service center. In turn, MCI utilizes their thousands of telephone lines to send the original document to an established set of recipients.

By utilizing the telephone service providers line capacity, information can be sent to thousands of recipients at the exact same time. Unlike standard fax machines and desktop fax programs, MCI can send to a phonebook of recipients concurrently.

*The CEO is working with the Office of Administration to develop and procure such services. Testing of the services will be complete in October. Information on set-up and cost will be distributed to agencies in November.*

### ***Field Equipment Sharing***



Over the past year, the CEO has been working with state departments to identify costly equipment that can be shared across department lines. Field equipment, such as bulldozers, large trucks, and other construction equipment, is a prime example of equipment that can be cooperatively purchased and operated.

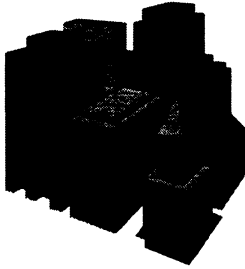
The Field Equipment Sharing Team is recommending that state agencies collaborate by examining their equipment inventories, and developing inventory standards. These inventory standards will allow departments to use a common language when listing equipment that is available. Once these lists are developed, the CEO will work with agencies to develop a mechanism to track equipment usage. Equipment usage charts will identify equipment with low usage rates, which could then be loaned to other agencies or be disposed. Finally, the CEO will work with agencies to develop joint equipment tracking mechanisms.

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While the focus of the project revolves around the optimal use of existing resources, the CEO is also looking into the possible benefits of renting and leasing equipment.

### *Government Offices and Facilities*



Office space, buildings, and facilities are vital to conducting the state's business. However, the cost of such space can be minimized by sharing government offices and using the space appropriately. For example, several agencies have printing equipment and storage space taking up valuable office space in state-owned buildings. At the same time, these agencies are leasing office space for employees to work. If the equipment and storage were moved to less costly locations, and employees were housed in the state-owned office space, a reduction in cost could be realized.

To reduce costs and better meet citizen needs, the CEO plans to encourage the application of the "Office Space Guidelines." Additionally, the CEO hopes to encourage departments, branches, and levels of government to share office space. The "Shared Government Offices and Facilities Team" has been organized to review this issue. Their mission is to reduce space costs, without hindering the operations of work units.

The team plans to issue a series of recommendations in late October or early November.

### *Invoice Auditing*



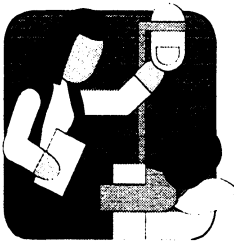
States including California and Florida have contracted with "technical auditing" firms to review certain special-service invoices, including: utilities, medical bills, information technology, and telecommunications services. The auditors identify overpayments, errors, and duplicate invoices that have been charged to the organization. In turn, the auditors recover the funds and recover the savings.

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Missouri state government has used similar auditing services to review Department of Correction utility payments. In 1995, these auditors identified some \$800,000 in savings.

The CEO believes the state should develop similar auditing contracts in order to review other services. The CEO is working with the Office of Administration, Division of Accounting to develop plans for implementing such a service. Since Florida competitively bid its service, OA hopes to piggy-back on their contract. In such case, an auditing firm could be selected by year's end.

### *Medicaid Eligibility for Continuous Care Patients*



The Missouri Kidney Foundation suggested that the state examine and improve the process for approving medicaid eligibility for long-term renal care patients. Since renal care patients' health does not typically improve, even with a transplant, the state may be able to save administrative dollars by extending the time a patient is eligible. If the eligibility period were extended, social services employees would review the patients' medical and financial records less frequently and save administrative time and dollars.

The CEO is working with the Department of Social Services to determine whether the review period can be extended, and which steps would need to be taken. Additionally, the CEO and DSS are examining whether other long-term care patients could benefit from such a change.

### *Paramedic Licensing*



A Missouri citizen contacted the CEO regarding the state's requirement to have paramedics licensed every year. The citizen suggested that the state adopt the same standards as the National Registry of Emergency Medical Technicians. Since paramedics must receive certification from the national registry ever two years, the state could use that certification as its own, thus reducing the state's administrative costs.

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*The CEO has asked the Department of Economic Development, Division of Professional Registration to review the issue. Additionally, Representative Vicki Riback-Wilson has expressed an interest in sponsoring legislation if necessary.*

### ***Procurement Cards***

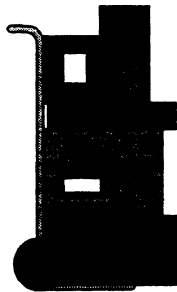


The State of Missouri spends a great deal of time and money processing equipment and supply orders. In fact, a Commission on Management and Productivity study found that purchasing departments spent 90% of their time on only 10% of the dollar value of purchases. This inequity is due to the cumbersome process for procuring goods that cost less than \$1000.

To streamline the procurement process, the CEO and Financial Management Advisory Committee (FMAC) have been examining procurement cards. These procurement cards could be used by agencies to make local purchases. As a result, one monthly bill would be paid to the bank that issued that card, as opposed to multiple checks to the supplier.

FMAC and the Office of Administration have developed and issued a request for proposals. Each hope to implement the card within the coming months.

### ***Statewide Delivery Systems***



Indisputably, the state must ship or deliver goods to a variety of locations during the course of daily business. Whether departments are sending material to regional sites, central offices, customer locations, or other locations, the manner in which the goods are sent needs to be both timely and effective.

Over the years, departments have devised a number of methods to meet their shipping needs. In fact, a web of internal and external shippers has been developed. While these shipping methods are effective, there exists inherent duplication and waste due to the cost to run and operate individual delivery routes and fleets. Instead, state departments are examining how departments might jointly

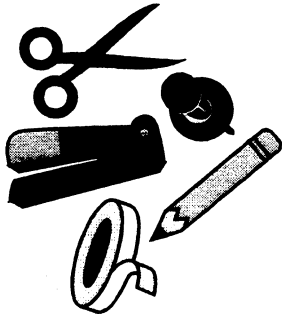
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operate a delivery route.

Additionally, some departments are reviewing whether external delivery vendors can meet their needs. Rather than transporting goods in state vehicles, departments are finding areas where the private sector can provide better service, at a reduced cost. For example, by working with the CEO, the Department of Transportation has saved over \$200,000 by privatizing certain deliveries to regional offices. Other agencies, including the Departments of Revenue and Mental Health are examining such options to find areas where savings can be incurred.

Over the next few months, the CEO Statewide Delivery Systems team will continue to work with agencies in examining privatization opportunities and areas where departments can work cooperatively.

### ***Supply Acquisition and Distribution***



Businesses and governmental organizations often review the cost of office supplies when examining internal operational costs. Typically, these reviews reduce costs by lowering the price per item for each individual supply. While the CEO is looking into item costs, it is taking a broader approach and examining the cost to acquire and distribute the good.

Working with individual departments and supply vendors, the CEO found that state government spends over \$12 million each year in office supplies. Like other large organizations, the state can reduce these costs by streamlining its operations. For instance, companies often attempt to limit their number of suppliers. By doing so, the organization has increased buying power and leverage. The limited number of suppliers also saves the organization dollars when considering the time spent by employees trying to find the best price, completing the purchase orders, examining invoices, and paying bills.

The CEO also found that savings can occur by implementing a just-in-time (JIT) inventory system. Such a system allows organizations to order goods as needed, as opposed to storing vast quantities in costly warehouses. Additionally, JIT systems



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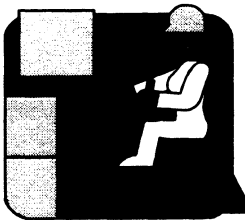
can deliver within one day to the location at which the goods are needed, eliminating the need to ship from location to location internally.

The CEO's belief in JIT extends to disposable office supplies (pens, pencils, etc.), as well as to many bulk items. For example, the CEO found that each agency stores large quantities of paper. However, paper suppliers are often able to deliver goods as needed without a significant change in price. The CEO is working with departments to examine bulk items for potential JIT efficiencies and alternative savings, such as a centralized bulk items warehouse.

Additionally, the CEO team has found a variety of other efficiencies related to supplies. The savings include: implementing a procurement card, changing product lines (i.e. larger rolls of toilet paper), improved inventory control systems, reduced warehouse space, and bulk purchasing.

*The CEO will continue working with state departments and supply vendors in reducing costs. A full report and recommended steps will be published in late 1997.*

### ***Surplus Property***



During several CEO projects, questions arose concerning the efficiency of surplus property. Many agencies have a backlog of property waiting to be surplusd or otherwise disposed. In fact, a review of agency warehouses found that between 10 - 15% of warehouse space was filled with surplus property.

Discussions with agencies, as well as a series of warehouse tours, suggest that current warehouse space can be optimized and, perhaps, reduced by improving the method by which agencies dispose of property. Rather than passing all items through the state agency for surplus property, such property could be disposed of through an increased number of public auctions, local disposal authority, or contracted auctions. Such steps could "free up" space, and reduce the need for additional space.

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Likewise, streamlining the surplus preparation process could increase the speed at which property is disposed.

*The CEO will continue working with the Office of Administration and other departments to improve property disposition methods.*

### **Telephone Charges**



The State of Missouri spends between \$48 and \$54 million each year in telephone and telecommunications service charges. While necessary for business operations, these expenditures are a significant cost to the state.

Research by the CEO, however, suggests that the state can reduce these costs by up to 15%. Such savings have been found in the private sector through a review of line charges, line usage, equipment charges, and maintenance contracts. In fact, a CEO review of the Lt. Governor's office telephone charges discovered underutilized data lines and maintenance contracts on unused equipment. By ending these services, the Lt. Governor's office cut its telephone related costs by 10%, without affecting telephone use.

Working with the Office of Administration, Division of Data Processing and Telecommunications, the CEO hopes to replicate such savings in other departments. Over the coming months, the two will be working collaboratively to:

- Review each departments' telephone line usage and rates.
- Identify lines which could potentially consolidate data, voice, and video lines.
- Reduce directory assistance calls.
- Review contracted telephone rates.

*The CEO is working with the Office of Administration, Division of Data Processing and Telecommunications, as well as COMCOR and the vendors in this project.*

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## *Travel*



According to many businesses, corporate travel is the second most controllable operational cost. For the private sector, this means proper travel management can save thousands of dollars each year. Despite the private sector's experience and results in managing travel, few state governments closely manage or monitor their business travel.

According to Maritz Travel Company and other travel industry leaders, organization can save up to 20% of their travel costs. These organization do so by: instituting corporate travel policies; mandating lowest fare purchases; negotiating discounts with airlines and hotels; and utilizing corporate travel cards for all travel purchases.

Since the state spends over \$40 million a year in travel (in-state and out-of-state), the CEO believes that such travel management practices could produce significant savings. To address these issues, the CEO is working with state departments and various travel vendors to develop a plan for improving travel procurement.

Currently, the CEO travel team is examining 1) the efficiency of per diems verses actual expenses; 2) the cost of purchasing travel internally; 3) the benefits of contracting with a travel management service; and 4) the travel services and programs of other states and governmental agencies.

## *Vehicle Management/Maintenance*



Like other governments and businesses, state government requires transportation for a variety of purposes. As an example, vehicles are used to transport social workers to client locations, supplies and cargo to and from warehouses, and employees to meetings and conferences. To meet these transportation needs, the state has either (1) procured vehicles and managed their fleets as individual departments, or (2) allowed employees to operate their own vehicle and be reimbursed.

Purchasing vehicles for state use has required considerable

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investment. Excluding colleges and universities, the state operates over 7,000 vehicles, with an estimated value of at least \$81 million. Additionally, millions are spent annually for the following:

New Automobile Purchases	\$16,597,163
New Truck & Van Purchases	\$21,075,118
Vehicle Maintenance Supplies	\$20,737,934
Auto Maintenance & Repair	\$1,338,162
Truck Maintenance & Repair	\$552,265

To review these charges, the CEO is working with state departments and private sector companies to review vehicle management, maintenance, and use.

During their review, the CEO found that

- the state does not collectively acquire, manage, track, maintain, or fuel state vehicles.
- vehicle maintenance is not coordinated across agencies.
- agencies do not borrow or lease from one another.
- the state does not utilize life cycle costing - life of the vehicle vs. value of the vehicle.
- the state may utilize costly methods to transport employees to locations; employees do not always use the most economic vehicles (personal, rental, or state-owned).

As a result of the team's work, the CEO recommends the state:

- 1) Develop and implement a collaborative plan for purchasing, replacing, and re-marketing state vehicles.
- 2) Implement a standard vehicle tracking policy and method.
- 3) Implement a standard vehicle assignment and use policy.
- 4) Develop and implement a comprehensive maintenance program for all state vehicles.
- 5) Implement a fuel program, utilizing an electronic fuel card, to be used by all state vehicle fleets.
- 6) Standardize the decision process when selecting vehicle travel methods (personal, state, or rental).

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*Over the coming months, the CEO will be working with state departments to implement these recommendations. Additionally, the CEO will continue studying vehicle management and recommending continuous improvement steps.*

## **Suggested Projects**

Over the past year, the CEO has received numerous efficiency suggestions from Missouri citizens, state employees, department directors, and elected officials. These suggestions range from small process changes to the complete restructuring of programs. The list of potential future projects is listed below.

- Administrative Rules Process
- Adoption Process
- Annual Wage Order Distribution
- Bid/Grant Process for Domestic Violence Programs
- Budget Hearing Schedule
- Delinquent Tax Collection
- Driver's License Exams
- Fiscal Note Process
- Food Services
- Highway Rest Area Maintenance and Operation
- Prison Health Care
- Professional Registration
- Revenue and Tax Processing
- State-Issued Permits
- Vendor Checks
- Warehousing

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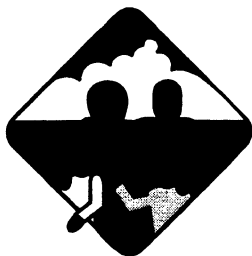
# CHANGING THE CULTURE OF STATE GOVERNMENT

As the CEO has learned over the past year, continuous and lasting improvement hinges upon the organization's culture or environment. Achieving and sustaining quality improvements requires that the culture encourage and support creativity, innovation, competition, pioneering, research and development, and limited risk-taking. It is the responsibility of executive and departmental leadership to create and maintain such a culture.

Through Missouri's various improvement initiatives (including COMAP, the Interagency Planning Council, the Office of Excellence in Customer Service, and the CEO), leadership has initiated a cultural reformation. However, cultural change has not reached all employee levels, nor has it taken a firm hold at the managerial and department levels.

To change Missouri state government's culture, leadership must not only continue supporting improvements, it must promote continuous improvement as a standard. Leadership and management can change the culture by further involving and empowering employees. Additionally, culture change can be strengthened by creating competitive environments that demand innovation and progress.

## Employee Involvement and Empowerment



Employees are the heart of every organization, including state government. Their involvement in operations and their ability to make decisions are vital to continuous improvement. However, many state employees are not encouraged or empowered to take appropriate actions that improve their individual or group performance. Likewise, many employees feel they have no input or authority to streamline operations, reduce costs, or provide better service.

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As the CEO studied state departments' employee suggestion systems, it found that only a few departments fully encouraged their employees to take ownership in their work. For example, the Department of Transportation encourages employees to improve service and performance through innovation. As a result, employees have taken pride in their work and invented better snow removal techniques, automated tarps that stop debris from falling off highway trucks, and other techniques that help save the life-expectency of Missouri roads. Other state employee involvement efforts include the Department of Revenue's "Bureaucracy Busters" program and the Department of Correction's "Do-Right" award.

Like many businesses, the State of Missouri needs to tap employees for their bright ideas. By creating systems that push authority down to front-line employees, establishing avenues for employees to communicate their ideas, and supporting employee involvement initiatives, government can create a culture that thrives and embraces improvement.

To encourage departments to create such systems and programs, the CEO plans to create an employee involvement competition and award. Simliar to the Governor's Quality and Productivity Award, the employee involvement award would be given to those agencies that (1) change their internal culture; (2) encourage employees to streamline or improve work processes; (3) develop successful employee suggestion programs; or (4) implement programs that focus on employee involvement. The purpose of such award is to develop a competition between and among departments for successfully utilizing employee resources.

## **The Role of Competition**



Often, the culture of government is to avoid competition, both internal and external. However, reinventing government efforts continue to suggest that competition plays a vital role in changing government's culture.

According to David Osborne, author of *Reinventing Government* and *Banishing Bureaucracy*, a lack of competition creates a stagnant culture that is slow to change. Private business,



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however, is faced with competition and is thus driven to innovate and change. The business culture encourages employees to “think outside the box”, developing new products, services, and ways of doing business. Osborne contends that the public sector should create the same culture by introducing competition.

Competition can be seen on a variety of governmental levels. Cities, states, and even the federal government have utilized competition to reduce costs 20 to 40%, while providing better service to citizens.

Introducing competition does not mean privatizing. It simply means that the public sector must perform as well, or better, than its private sector counterparts. Likewise, it can also mean that governmental organizations must compete with one another for dollars. For example, if one agency can provide the same service as another department, but at a lower price, government should consider whether both agencies should continue providing the service.

Ultimately, the introduction of competition will save taxpayer’s money, increase flexibility, improve service quality, and increase efficiency and innovation.

Changing the culture of state government is an involved, but necessary process. By changing the culture, we change both the way we do business, and we embrace positive improvements. Additionally, the cultural change becomes a new management method that focuses on continuous improvement, similar to the Missouri Quality Award Model.

## A Systems Perspective

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graph TD; 1[1 Leadership] <--> 2[2 Strategic Planning]; 2 <--> 3[3 Customer Focus]; 3 <--> 4[4 Information and Analysis]; 4 <--> 6[6 Process Management]; 6 <--> 7[7 Business Results]; 7 <--> 5[5 Human Resource Development and Management]; 5 <--> 1; 2 <--> 5; 3 <--> 6;
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# TAKING A CLOSER LOOK AT EFFICIENCY

When Governor Carnahan and the Commission on Management and Productivity (COMAP) created the CEO, they envisioned an organization whose sole purpose was to review and improve Missouri state government's efficiency. In fact, the CEO's embodying charter, COMAP

Implementation Order 95-05, called for the group to select and pursue consolidation, privatization, and other effectiveness and efficiency projects.

## ***CEO Purpose***

An effective and efficient government is vital to reaching the Missouri Vision. Through continuous improvement and operational excellence, Missouri state government will become more accountable to citizens and enhance the delivery of public goods and services. Through common sense, innovative thinking, and frequent review, we will spawn a new era in public service -- ***not only doing things right, but doing the right things***. The measure of success will be concrete results for Missouri citizens and positive returns on every dollar invested.

Since July 1996, the CEO has worked on a variety of inter-agency efficiency projects. As a result of these projects, several consolidation and privatization efforts are underway. Together, these projects could save millions of taxpayer dollars each year.

While the CEO's cross-departmental projects have made significant progress, the CEO realizes that not all improvement opportunities can cross departmental boundaries. In fact, the CEO believes that greater efficiencies can be found by helping state agencies take a closer look at their internal "lines of business."

Although, the CEO has worked with state agencies to identify and review department-specific issues, more can be accomplished by developing and implementing a systematic approach for identifying and implementing improvements. Such an approach would provide each agency a methodology to review specific projects on an annual basis. The methodology would allow each department an opportunity to examine whether

certain programs or functions should be privatized, eliminated, retained, or modified (P.E.R.M.) in order to meet the agency's mission in an effective and efficient manner.

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## **PERM: Privatize, Eliminate, Retain, or Modify**

The idea behind PERM is that governmental organizations should regularly review their programs, functions, activities, and operations to determine whether they are operating at their optimal levels of effectiveness and efficiency. In conjunction with strategic planning, PERM helps agencies determine whether a specific program should be incrementally improved, completely overhauled, eliminated altogether, or given to the private sector.

PERM was developed in 1992 by the Michigan Public Private Partnership Commission. Called together by the Governor of Michigan, the commission's purpose is to identify and find efficiencies, similar to that of the Council on Efficient Operations. Since its inception, the PERM process has saved the State of Michigan millions of dollars through projects such as modifying the state's procurement process, eliminating certain agricultural programs, and privatizing numerous services.

Michigan's PERM process has been seen by many states as a promising continuous improvement method. Kansas, for example, has fully adopted the PERM process and mandated it through legislation. Based on both state's experiences, the CEO hopes to develop and implement a similar process in Missouri.

In general, the PERM analysis follows the following steps:

- A) Each department selects a program/activity for the PERM analysis.
- B) Each department conducts its own PERM analysis, using the format developed by the CEO. (Departments may use internal staff to conduct the analysis, or may contract with others to conduct the analysis.)
- C) As the department completes the PERM analysis, it recommends to the CEO whether the program should be privatized, eliminated, retained, or modified.
- D) The CEO reviews the PERM analysis and either concurs or recommends further analysis or an alternate approach.

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E) The final decision rests with the department. Copies of the analysis are provided to the legislature, governor, and public. Retention requires no further action. Elimination and modification require following standard program modification procedures, including budgetary, gubernatorial, and legislative review as appropriate. Privatization by contract requires the above process plus the receipt of a bid which meets appropriate standards for contracting. Privatization by lease or sale will proceed according to current state standards.

### ***Privatization:***

Cutting costs while improving services is a difficult task facing most governments. That's why many public organizations are examining their core functions, and looking to outsource or privatize certain services, functions, and programs. Generally, those items privatized are operational services in which the government does not necessarily need to be involved. For example, government does not need to run and manage print shops, day care centers, food services, or gasoline stations since private companies can provide these services.

In fact, the definition of privatization is "the act of reducing the role of government, or increasing the role of the private sector in an activity or in the ownership of assets." Privatization, then, involves the transferring of resources and responsibility from government to the private sector.

Types of privatization include:

- Cooperative public/private finance and development plans;
- Enhancing cash management and restructuring debt;
- Intergovernmental agreements;
- Joint public/private operation of existing facilities, infrastructure, and services;
- Licensing of intellectual property or patents;
- Sale or recapitalization of government-owned companies;
- Sale or lease of government-owned real estate assets
- Transfer facility operation to private management

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- company;
  - Transfer of selected services to the private sector;
  - Lease and lease purchase arrangements for facilities and infrastructure; and
  - Vouchers.

### ***Elimination:***

Like any good business, state government should identify activities, functions, or programs that the public sector should not do, or where there is no need for such a program or activity. When identified, these activities should be eliminated and their resources redirected to other uses.

Programs and activities that should be considered for possible elimination include: federally mandated activities where states have the option not to perform the activities; regulatory programs; and certain advocacy functions. For example, the State of California stopped regulating yacht brokers, down pillows, and trading stamp companies. The state recognized the lack of need for these services. Likewise, Michigan had a one-time program to analyze soil from each county. After each county's soil was analyzed, the program continued re-testing soil until the PERM process eliminated it.

The elimination of programs and activities should be done where departments can ensure that the government's involvement is no longer needed. Departments should consider both current and future needs. The benefits of elimination, however, are obvious. By ending out-dated or unneeded programs and functions, state government can reduce waste and more fully support other priorities.

### ***Retention:***

While many programs and services can be provided by private businesses, there are other activities which should only be done by government, such as many of the activities of the highway patrol, certain policy development areas, and regulatory functions. In these cases, the government should analyze whether the activity is

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being done in the most effective and efficient manner. Those activities which are operating at their maximum levels should be retained in their present form. However, those programs which are not optimizing resources should be modified and improved.

***Modification:***

Improving the quality, effectiveness, and efficiency of governmental programs and operations should be a continuous effort. Governmental organizations should regularly be modifying their programs to improve their services. Such modifications may take place through continuous improvement or re-engineering efforts. Ultimately, the program or service becomes more effective and efficient, thus, providing a better value to citizens.

**Criteria for Privatization, Elimination, Retention, or Modification**

The following list of criteria is not exhaustive nor are the items listed in any priority order. Other criteria may become apparent as specific situations are examined. In addition, these items must be looked at in combination, to reach the best available disposition decision.

Ability to specify the requirements of the service in advance of its production. If the task or nature of the service is uncertain or likely to require revision as production proceeds, retention or modification may be the appropriate option.

Ability to switch easily from one producer to another. If government contracts can be switched from one private sector producer to another without serious disruption in the flow of service, privatization may be appropriate. Conversely, if the state has to be dependent on one provider or if switching contractors is very disruptive to the flow of service, retention or modification may be a better choice.

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Acheivement of tangible benefits. These include such items as operating and capital cost savings, higher quality services, more or better options, service to a larger clientele, provision of services not otherwise available, sharing of risk between the provider and recipient or the provider and government, shorter implementaiton time and providing solutions to political problems. These will apply in varying ways to each option. Privatization may be the better option where the analysis demonstrates that several of these benefits are possible.

Accountability. When decisions about a service are to be made for the public by government, the means of assuring accountability becomes a key element. Accountabilty is the responsibility to:

- account to the public for the expenditure of public funds;
- demonstrate cost efficiency--defined as procuring an acceptable good or unit of service for the least cost;
- demonstrate cost effectiveness--defined as procuring the highest quality good or service or achieving the best impact or outcome for a given expenditure of funds;
- procure those goods and services which the public, through the legislative process, have determined are appropriate for public expenditure; and
- provide an appropriate level of service to the people of the state and provide that service in a manner which meets the needs of the citizens.

Amount of efficiency gain. If larger gains (including cost savings and better or more service or more options) are likely when production is transferred to private sector producers than will result from modifications to the program or activity, privatization may be the best option.

Availability or potential availability of competitive private sector producers. If many competitive private sector providers are available, privatization is likely to be the appropriate option. If few producers are available, retention or modification may be more appropriate. It must be remembered that new private firms may commence operations and existing firms may extend the range of the services they offer. Thus "potential" competition must be considered along with existing competition in making a decision.



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Characteristics of the activity. The type of activity will be a factor in the appropriate disposition of that activity. Privatization will likely not be appropriate if the program or activity involves policy management, regulation, ensuring equity, preventing discrimination or exploitation, ensuring continuity and stability of services, or ensuring social cohesion. On the other hand, if the activity includes direct, hands-on, management of the production of services, privatization may be more appropriate.

Continuing need. If the program or activity is no longer needed, it should be eliminated. This is not the same as transferring responsibility for the function to another. Rather, this is the total elimination of a program or activity which no one in the public or private sectors needs to perform. Likewise, surplus real estate or other tangible property, with no reasonable foreseeable use, should be privatized by sale or lease.

Control of the program or activity. In addition to the executive branch, there are other entities of state government whose participation will be required, including the autonomous universities, the legislature, and commission-driven agencies.

Costs of resuming government production. If circumstances dictate that the government reassume responsibility for producing a service or reacquire an asset, start-up costs for the reassumed service or the purchase price for reacquisition, are a cost of privatization or elimination. This cost can be reduced or eliminated if care is taken to assure sound initial decisions.

Independence between the nature of the final product and the methods used in its production. If many alternative methods of production can provide the desired final product and government is indifferent concerning which methods are used, privatization may be the appropriate decision. On the other hand, to the extent that direct "hands on" control of the production process is necessary in order to control the nature of the final product, retention or modification may be a better alternative.

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Legal constraints. Limitations on the decision may be imposed by existing programmatic, statutory, constitutional, or other legal requirements. Consequently, changes in existing legal requirements or clear delineations of legal responsibility and liability may be required prior to implementation.

Level and Quality of Service. One key element is the determination of what the appropriate level and quality of service needs to be. Once determined, a subsequent task is to assure, whoever the provider, that the determined level and quality of service are met and maintained. Optimally, the state should strive to increase the quality of service, provide more options, and serve the needs of as many of those who qualify for the service as possible. It also should not artificially or arbitrarily eliminate classes of persons for those who are eligible. The disposition decision will thus depend upon such factors as whether it is profitable for a vendor to serve all segments who are entitled to the service and if not, how the unprofitable segments will be served; whether vendors are available in all parts of the state where service is needed; who can provide the greater range of choices or service; and how appropriate quality of service can be maintained.

Monitoring costs. If significant cost savings and other efficiencies can be maintained after deducting applicable monitoring costs, privatization may be an appropriate option. However, any such proposal must assure that government agencies maintain sufficient staff to ensure that contracts are fulfilled and that new contracts are negotiated as necessary.

Transition costs. Transition costs arise from the displacement of government employees from their present jobs to other jobs either in the public or the private sector and from the disposal of properties and equipment used by government in producing a service. Some of these costs, such as unemployment are explicit and measurable while others, such as the disruption in the private lives of employees .

Again, these criteria are potential issues when considering governmental programs, functions, and activities for the PERM process. Each of these criteria should be reviewed prior to any decision to change services.

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## **Suggested Programs for PERM Analysis**

The following represents a list of potential programs, functions, or activities for PERM analysis. This list was compiled from other states privatization and improvement efforts.

### **Administration:**

Benefits Consultant  
Training  
Interpreters  
Expert Witnesses  
Equipment Maintenance  
Medical Services  
Insurance  
Statistical Analysis  
Hearing Officers  
Court Reporting  
Catering  
Legal Services  
Insurance  
Claims Processing  
Travel Agent

### **Agriculture**

Climatology  
Facilities Management  
Consultants/Researchers  
Arbitrators/Mediators  
Custodial Services  
Temporary Clerical Services  
Temporary Fair Operating Services  
Court Reporters  
Pesticide Control Services  
Toxic Waste Disposal  
Security  
Training

### **Attorney General:**

Maintenance  
Clerical  
Legal Services  
Medical Services  
Court Reporting/Transcripts  
Interpreters  
Custodial Services

### **Corrections:**

Psychiatrists  
Psychologists/Social Workers  
Dental And Health Programs  
Medical Services  
Educational Services  
Food Service  
Testing And Laboratory Services  
Prisoner Transportation  
Security

### **Economic Development:**

Actuarial Services  
Legal Services  
Expert Witnesses  
Auditing  
Claims Review  
Economic/Tax Analysis  
Training  
Consultants  
Custodial Services  
Professional Development  
Security  
Clerical Services  
Financial Investment Services  
Court Reporting  
Exam Monitoring  
Underwriters  
Market Analysis

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**Education:**

Medical Services  
Consultants  
Audit Services  
Student Transportation  
Special Education  
Interpreter  
Custodial Services  
Psychologist/Social Workers  
Therapists  
Braille Transcription  
Security  
Clerical Services  
Records Administration  
Field Mapping  
Teleconferencing  
Media Programs  
Student Loan Serving & Guarranty

**Health:**

Medical Care  
Therapists  
Transportation  
Social Workers  
Water Treatment  
Consultants  
Labratory Services  
Interpreters  
Medical Records  
Transcription

**Labor:**

Workers Compensation Claims  
Clerical Services  
Medical Exams  
Client Records Reviews  
Professional Development Training  
Custodial Services  
Consultants/Researchers  
Legal Services  
Security  
Arbitration  
Court Reporting

**Lottery:**

Public Relations  
Security  
Ticket Distribution  
Maintenance

**Management And Budget:**

Clerical Services  
Custodial Services  
Printing  
Design And Testing Services  
Consultants  
Security  
Telecommunications Services  
Equipment Maintenance  
Trash Removal  
Snow Removal  
Auction Services  
Office Supplies  
Commodities

**Mental Health:**

Community Mental Health  
Services  
Community Placement  
Nursing Home Services  
Educational Services To Patients  
Maintenance  
Psychiatric Services  
Medical Services  
Dental Services  
Interpreter  
Library Services  
Transportation And Ambulance  
Services  
Clerical Services  
Professional Development  
Therapists  
Transcription Services  
Food Services  
Day Programming  
Protection And Advocacy

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**Natural Resources:**

Toxic Waste Oversight And  
Cleanup  
Waste Removal  
Laboratory Analysis  
Custodial Services  
Temporary/Seasonal Help  
Timber Services  
Insect Control  
Weather Services  
Air Monitoring  
Engineering Services  
Clerical Services  
Magazine Distribution  
Fee Appraisals

**Public Safety:**

Training  
Clerical  
Surveying  
Arbitration Services

**Social Services:**

Advocacy Services  
Adoption Services  
Day Care  
Transportation Of Clients  
Professional Development Training  
Psychological Testing  
Medical Services  
Educational Services  
Legal Services  
Food Service At Institutions  
Clerical Services

**Transportation:**

Road Maintenance  
Road & Bridge Construction  
Security  
Materials Testing  
Inspections  
Highway Design  
Re-surfacing  
Sign Manufacturing  
Architectural Services  
Pilots  
Landscaping  
Motorist Information Plans  
Printing  
Bond Counsel

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# CONCLUSION

Improving Missouri state government is imperative. While improvement is challenging, citizens demand better service, increase accountability, and reduced operational costs.

Over the past year, the CEO has worked hard to meet citizen expectations and improve state government operations. In fact, the CEO has identified \$1.3 million in savings and initiated over 30 efficiency and effectiveness projects. By continuing to work on these and other projects, the state will continuously reap the benefits of self-inspection.

As the CEO progresses into its second year, it will work more closely with departments to generate increased savings by privatizing, eliminating, and modifying programs, functions, and activities. Ultimately, the CEO's work will rightsize state government, provide value for taxpayers, and cut red tape.

By working together with state departments, elected officials, employees, and other individuals, the CEO will achieve the results expected by the public. Together we will become more accountable, while enhancing public goods and services.

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